

Franchise Tax Board

ANALYSIS OF AMENDED BILL

Author: Nation Analyst: Jane Tolman Bill Number: AB 1968Related Bills: See Legislative History Telephone: 845-6111 Amended Date: 06-18-2002Attorney: Patrick Kusiak Sponsor: _____**SUBJECT:** Exclusion/Energy Conservation Rebates, Vouchers, Or Other Financial Incentives

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as amended March 20, 2002.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSES OF BILL AS INTRODUCED February 14, 2002 AND AMENDED March 20, 2002, STILL APPLY.

OTHER - See comments below.

SUMMARY

This bill would exclude from gross income any type of rebate, voucher, or other financial incentive received for the purchase or installation of an energy-producing system.

SUMMARY OF AMENDMENTS

The June 18, 2002, amendments eliminate the requirement that the device serve all or part of the taxpayer's electrical or thermal load. The amendments also define a fuel cell generating system as described in the California Energy Commission's Emerging Renewable Resources Account Guidebook.

The June 18, 2002, amendments did not resolve the concerns identified in the department's analysis of the bill as amended March 20, 2002. These concerns still apply and are included below for convenience. The remainder of the department's analysis of this bill as amended March 20, 2002, still applies.

POSITION

Pending.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Department Director

Date

Brian Putler

6/27/02

IMPLEMENTATION CONSIDERATIONS

Since rebates, vouchers, or other financial incentives are not taxable, this bill will not affect the department. However, enacting a statute that expressly states that an energy related rebate is nontaxable could be confusing for the taxpayer with regard to their past and current filing practices because this bill implies that energy related rebates were taxable in the past, and other types of rebates are still taxable. The department is available to assist with amendments.

LEGISLATIVE STAFF CONTACT

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